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SIPDIS

STATE FOR EB/MTA/MST AND SA/INS; MCC FOR D.NASSIRY AND
E.BURKE
SINGAPORE FOR FAA
BANGKOK FOR TSA/SHARON WALLOOPILLAI
USDOC FOR EROL YESIN

SENSITIVE, SIPDIS

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SUBJECT: SRI LANKA CIVIL AIR INFRASTRUCTURE DEVELOPMENT
GOALS

1. (U) Summary: Sri Lankas civil aviation industry is undergoing important changes. In order to continue development of its tourism industry and meet International Civil Aviation Organization (ICAO) standards within the country, the Government of Sri Lanka (GSL) wants to build a second runway at its main international airport (near Colombo), and build another international airport in the southeast. Political interests as well as security issues are influencing and delaying important decisions. End Summary.

2. (U) EconOff met with Tilak Collure, Secretary to the Ministry of Ports and Aviation and H.M.C. Nimalsiri, Director General of Civil Aviation in mid-February to discuss key issues affecting the aviation sector. Among the issues discussed were the need for a second runway at the nations only international airport and the desire to construct a second international airport (alternate airport).

3. (U) Currently, the Bandaranaike International Airport (BIA) located just north of the capital Colombo is the only international airport in Sri Lanka. It has only one runway. As a result, aircraft coming to Colombo need to carry sufficient fuel to divert to Chennai, India (located 500km away), in case they are unable to land in Sri Lanka due to bad weather or the runway is unusable. Therefore, civil aviation officials have identified the need for a second runway and an alternate airport.

2nd Runway at Main Airport - Displace Businesses or Homes?

4. (SBU) A new runway at BIA could support additional air traffic as well as avoid complete shutdown of the airport should one runway become temporarily unusable. The GSL has two options for a second runway at BIA, one would involve relocating many families; the other would require the relocation of the largest export processing zone in the country which employs about 51,000 people and houses over

80 factories. Nimalasiri said that the relocation of the export processing zone might be the most expedient option, as the relocation of people (2,500) from their homes would be especially difficult politically, even though it would result in a better layout for the airport. While several studies have recommended moving the Air Force base (that shares the BIA runway with civil aircraft) to expand BIA, the Air Force is opposed to this option.

Alternate Intl Airport If we build it, will they come?

15. (SBU) Establishment of a second (alternate) international airport in Wirawila in Hambantota (in the deep south) has powerful supporters, as Hambantota is the constituency of both the President and the Minister of Civil Aviation. The President is reported to be strongly in favor of this location, and has several government agencies already working on preliminary investigations on this site.

16. (SBU) According to Nimalasiri, an airport in Hambantota would not be economically viable. The area lacks hotels, hospitals and other infrastructure and services an international airport would require. The President, who hails from the deep south, envisions the Hambantota of the future as an integrated city with connections through highways, railways, sea port and an airport although the vision does not entirely prescribe how the airport will best be used. Civil aviation officials have commented that establishment of a cargo airport aligned to the port in the south which the President wants to develop would be a preferable alternative to a passenger airport, although

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this alternative begs the question of what sort of cargo in a currently rural area would go from a ship to an airplane or vice versa.

17. The proposed location for the nations second airport has changed frequently, based on political influence more than viability. For instance, the current Aviation cum Foreign Minister, Mangala Samaraweera, during his previous term as the Aviation Minister pushed Kogalla in Galle District as the best site. The previous United National Party regime proposed a second international airport in Kalutara District (just south of Colombo), the constituency of many UNP stalwarts.

USTDA STUDY TO ASSIST IN DETERMINING MOST VIABLE OPTIONS

18. (U) USTDA is providing a grant for an airport investment development program study which will provide the government with a 25 year strategic plan for capital investment at the BIA (including cost comparison of second runway options). The study will also provide a recommendation on the requirements of an airport in Koggala or the Southern Region. US aviation consultancy companies have shown considerable interest in the USTDA technical assistance program which is open for bidding now. The Embassy has begun to meet with officials from various consultancy firms who are visiting the country to prepare their bidding documents.

19. (SBU) Comment: The proposed location for the second airport has changed frequently, based on political influence more than viability. Currently, Hambantota seems the hot favorite of the President, but an airport by itself could well be another white elephant as the area lacks sufficient economic activity to cater to an airport. While development of a seaport in Hambantota has been discussed for years, it remains only a vague goal at this time. Post is not aware of any serious potential investors. We believe the pending USTDA study will help resolve some of

the issues required to discern in which projects the GSL should develop, the trick will then be overcoming political obstacles and bureaucratic delays.

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